

Message Text

CONFIDENTIAL

PAGE 01 STATE 012469

14

ORIGIN NEA-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY NEA/ARP:COCECIL::CEJ

APPROVED BY NEA/ARP:FMDICKMAN

----- 057320

R 272037Z JAN 76

FM SECSTATE WASHDC

TO AMCONSUL DHAHRAN

C O N F I D E N T I A L STATE 012469

FOL RPT STATE 012469 ACTION JIDDA INFO ABU DHABI ALGIERS
AMMAN BAGHDAD BEIRUT CAIRO DAMASCUS DOHA KHARTOUM KUWAIT
MANAMA MOGADISCIO MUSCAT NOUAKCHOTT RABAT SANA TRIPOLI TUNIS
17 JAN.

QUOTE

C O N F I D E N T I A L STATE 012469

E.O. 11652: GDS

TAGS: EFIN, ETRD

SUBJECT: NY AND FEDERAL ANTI-BOYCOTT ACTIONS

REFS: (A) JIDDA 155, (B) STATE 295052, (C) STATE 297810,
(D) STATE 297811, (E) STATE 299552

1. BANK OF AMERICA'S STORY (REF A) APPEARS MISTAKEN IN
SEVERAL RESPECTS. FIRST, CLEARING HOUSE BANKS IN NY HAVE
NOT, TO OUR KNOWLEDGE, DECIDED TO QUOTE IGNORE UNQUOTE
NY LAW. WE UNDERSTOOD BANKS HAD DECIDED TO ACT ON ASSUMP-
TION NY LAW IS PURELY ANTI-DISCRIMINATORY MEASURE (REF. B
PARAS 2-4); INTERPRETING THE LAW NARROWLY IS, HOWEVER, VERY
DIFFERENT FROM IGNORING IT. NEVERTHELESS, BECAUSE OF
UNCERTAINTY CREATED BY FEDERAL RESERVE BANK ACTION (REFS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 012469

C,D), SEVERAL NEW YORK BANKS ARE REPORTEDLY ACTING VERY

CAUTIOUSLY; SOME ARE SITTING ON L/C'S, OTHERS REFERRING INDIVIDUAL L/C'S TO LEGAL COUNSEL BEFORE PROCESSING THEM. NO DISCERNIBLE PATTERN OF BANK POLICY OR PRACTICE HAS YET APPEARED.

2. SECOND, THERE IS NO FEDERAL STATUTE SUCH AS THE ONE DESCRIBED REF A. BANK OF AMERICA OFFICIALS MAY HAVE BEEN THINKING ABOUT EXPORT ADMINISTRATION REGULATIONS, ISSUED BY COMMERCE DEPT NOVEMBDR 20 PURSUANT TO THE PRESIDENT'S DIRECTIVE OF THE SAME DATE AND UNDER POWERS GRANTED BY THE

EXPORT ADMINISTRATION ACT OF 1969. THESE REGULATIONS DISTINGUISH BETWEEN DISCRIMINATORY BOYCOTT REQUESTS ADDRESSED TO EXPORTERS, WHICH THE REGULATIONS FORBID EXPORTERS TO COMPLY WITH, AND POLITICAL BOYCOTT REQUESTS, WHICH THE REGULATIONS URGE BUT DO NOT REQUIRE EXPORTERS NOT TO COMPLY WITH. FRB IS CONSIDERING ISSUING A CLARIFICATION OF ITS DECEMBER 12 LETTER, WHICH, AS EXPLAINED REF C, DOES NOT HAVE FORCE OF LAW, TO MAKE IT CONFORM TO THE SCHEME OF COMMERCE DEPT REGULATIONS OF NOVEMBER 20; I.E. TO PROHIBIT BANKS INVOLVING THEMSELVES IN DISCRIMINATORY TRANSACTIONS WHILE STRONGLY EXHORTING THEM NOT TO PARTICIPATE IN TRANSACTIONS THAT SUPPORT THE POLITICAL BOYCOTT. NY BANKING OFFICIALS HAVE MET WITH FRB STAFF TO DISCUSS SCOPE OF DECEMBDR 12 LETTER AND SOLICIT CLARIFYING COMMUNICATION ALONG ABOVE LINES.

3. BANK OF AMERICA OFFICIALS MIGHT ALSO HAVE HAD IN MIND THE STEVENSON-WILLIAMS BILL AMENDING THE EXPORT ADMINISTRATION ACT OF 1969 (PARA 2, REF E). THIS BILL WAS REPORTED OUT OF THE SENATE BANKING COMMITTEE ON DECEMBER U ALTHOUGH NEITHER THE HOUSE NOR SENATE HAS YET CONSIDERED IT AND, OF COURSE, IT IS NOT LAW. BRIEFLY, THE BILL WOULD ENACT INTO LAW, AS PART OF THE EXPORT ADMINISTRATION ACT, THE REQUIREMENTS AND PROHIBITIONS SET FORTH IN THE COMMERCE DEPT'S REGULATIONS OF NOVEMBER 20. IN ADDITION, THE BILL WOULD REQUIRE PUBLIC DISCLOSURE OF BOYCOTT REPORTS AND COMMERCE DEPT WARNING LETTERS; PROHIBIT U.S. FIRMS FROM REFUSING TO DEAL WITH OTHER U.S. BUSINESSES PURSUANT TO A BOYCOTT REQUEST; RAISE THE MAXIMUM FINE FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 012469

VIOLATIONS FROM DOLS 1000 TO DOLS 10,000; AND WOULD STATE EXPRESSLY THAT THE ACT APPLIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS. THIS BILL, HOWEVER, WOULD NOT HAVE THE EFFECTS ATTRIBUTED TO IT BY BANK OF AMERICA OFFICIALS. KISSINGER

UNQUOTE KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BOYCOTTS, BUSINESS FIRMS, BANKS, BANK LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE012469
Document Source: CORE
Document Unique ID: 00
Drafter: COCECIL::CEJ
Enclosure: n/a
Executive Order: GS
Errors: I
Film Number: D760019-0320
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760146/aaaabovo.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 JIDDA 155, 76 STATE 295052, 76 STATE 297810
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by buchant0>; APPROVED <28 SEP 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NY AND FEDERAL ANTI-BOYCOTT ACTIONS
TAGS: EFIN, ETRD, PFOR, XF
To: JIDDA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006